

## **Appendix A**

### **Fair Housing Basics**

The Civil Rights Act of 1866, passed by the Reconstruction Congress, guaranteed property rights to all citizens regardless of race. Unfortunately, it took another hundred years for passage of the federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968) to make a real change in fair housing.

The Fair Housing Act represented the culmination of years of congressional consideration of housing discrimination legislation. Its legislative history spanned the urban riots of 1967, the release of the Report of the National Advisory Commission on Civil Disorders (the Kerner Commission Report, which concluded that America was moving toward two societies, separate and unequal), and the assassination of Dr. Martin Luther King, Jr.

On September 13, 1988, President Reagan signed the Fair Housing Amendments Act into law, adding two protected classes (families with children and people with disabilities) and strengthening the administrative and judicial enforcement process for complaints to the U.S. Department of Housing and Urban Development (HUD). The amended law also called for monetary penalties in cases where housing discrimination is found to have occurred.

#### **What fair housing laws apply in Washington State?**

The federal Fair Housing Act and its 1988 amendments (FHA) protect people from negative housing actions taken because of their race, color, national origin, religion, sex, disability, or family status. Race, color, national origin, etc. are referred to under the law as “protected classes.” The FHA also protects against the disproportionately harsh impact of an otherwise neutral policy on members of a protected class. Finally, the FHA protects people from adverse treatment or retaliation simply because they exercised their rights under the Act.

The Washington State Human Rights Commission (WSHRC) enforces the state law against discrimination, RCW 49.60, which is considered substantially equivalent to the FHA and has the additional protected class of marital status. Three local agencies enforce local fair housing laws that are also considered substantially equivalent to the FHA. The King County Office of Civil Rights, Seattle Office for Civil Rights, and Tacoma Human Rights and Human Services Department all enforce local ordinances that include additional protected classes.

#### **How do I know which laws apply in the areas I work?**

To determine which laws apply to your property, refer to the fair housing agency chart in Appendix A. The chart includes contact information, a description of each agency’s geographical jurisdiction, the time period during which a fair housing complaint must be filed, and the protected classes each agency covers. Using the chart, determine which fair housing agency can answer your fair housing questions.

## **What housing actions are covered by fair housing laws?**

Fair housing laws govern practically all aspects of residential real estate transactions, including:

- Sales or leases of houses, apartments, condos, lots, etc.
- Advertising and publishing of ads
- Disability accommodations or modifications
- Harassment, interference, criminal intimidation

Fair housing laws prohibit actions such as:

- Refusing to sell a property because of a person's protected class
- Steering potential buyers to or away from particular neighborhoods because of their protected class
- Restricting loans or targeting higher cost loans to people based on their protected class or the neighborhood where the home is located
- Restricting or targeting homeowners insurance coverage based on customers' protected class or the neighborhood where the home is located
- Providing different services or opportunities to people based on their protected class
- Failing to provide reasonable accommodations to a person with a disability
- Retaliating against someone because s/he has raised an issue of discrimination.

All parties associated with a property and/or transaction are required to observe fair housing laws. This includes sellers, real estate agents, real estate companies with whom agents are affiliated, mortgage brokers, appraisers, inspectors, lenders, and insurance companies.

## **Some of the protected classes are confusing. What do they actually mean?**

Federal, state and local fair housing laws all protect people who have been discriminated against based on their race, color, national origin, religion, sex, familial status or disability. The state law against discrimination has an additional protected class of marital status. Local agencies include additional protected classes such as age, sexual orientation, gender identity, Section 8 and political ideology. (Refer to the chart in Appendix A for a list of protected classes covered by your local agency.)

General definitions of the protected classes (check each agency's ordinance for specific definitions):

- Race includes all races – African-American, Asian, White, etc.
- Color refers to the color of one's skin
- National origin means the country where one was born
- Ancestry means the country where one's parents, grandparents or forebears were born (in some jurisdictions ancestry is covered as national origin)
- Religion/creed includes one's membership (or lack thereof) in an organized religious group, and one's spiritual ideas or beliefs

- Sex includes male and female
- Familial status and parental status are the same thing – the presence of one or more children under the age of 18 in the household. It includes being a parent, step-parent, adoptive parent, guardian, foster parent or custodian of a minor child, as well as any person who is pregnant or who is in the process of acquiring legal custody of a child
- Disability includes physical, mental and sensory conditions. (See Chapter Seven)
- Marital status includes being single, married, separated, engaged, widowed, divorced or co-habiting
- Section 8 means the person participates in the Section 8 housing program
- Political ideology includes any idea or belief, or coordinated body of ideas or beliefs, relating to the purpose, conduct, organization, function or basis of government and related institutions and activities, whether or not characteristic of any political party or group
- Age means individuals of various ages
- Sexual orientation means actual or perceived male or female heterosexuality, bisexuality, or homosexuality, and includes a person's attitudes, preferences, beliefs and practices pertaining thereto. In some jurisdictions, sexual orientation includes gender identity
- Gender identity means a person's identity, expression, or physical characteristics, whether or not traditionally associated with one's biological sex or one's sex at birth, including transsexual, transvestite, and transgendered, and including a person's attitudes, preferences, beliefs, and practices pertaining thereto.

### **How long does a client have to file a fair housing complaint in the various jurisdictions?**

Generally, an individual must file a fair housing complaint within six months to a year of the harmful housing action, depending on the specific agency. HUD, WSHRC, and Tacoma Human Rights and Human Services Department require that complaints be filed within a year of the action; King County and Seattle require filing within 180 days.

### **Who may be held responsible for violations?**

Fair housing complaints usually name all parties related to the property and/or the transaction. In home sales, this can include the seller, the real estate agent, the real estate company with whom the agent is affiliated, mortgage brokers, appraisers, inspectors, lenders, even insurance companies who refuse to insure a home for discriminatory reasons.

### **Who can file a fair housing complaint?**

Anyone who has been harmed by a housing transaction may file a fair housing complaint. This includes real estate industry professionals who lose a sale because of discrimination by the seller. Fair housing advocacy organizations that spend resources substantiating fair housing violations also may file complaints. In addition, enforcement agencies have the authority to file complaints without a complaining party where a fair housing violation merits such an action.

## **What remedies are available to someone who files a complaint of discrimination?**

Remedies in fair housing cases are tailored to fit the specific circumstances of the situation. They can involve a broad range of actions or compensation, including:

- Requiring the respondent (the person charged with discriminatory conduct) to make available the home that was unlawfully denied
- Requiring the respondent to reimburse the charging party for actual, “out-of-pocket” damages such as payment of lost commissions
- Requiring the respondent to pay monetary compensation for emotional distress, humiliation and embarrassment
- Requiring that housing-related services and rules be equally and lawfully applied
- Requiring that all advertisements include the fair housing logo
- Requiring that a company display fair housing posters in all its offices
- Requiring the respondent to develop policies and procedures on fair housing issues
- Requiring the respondent to attend fair housing training
- Issuing an order that all unlawful treatment (such as harassment, retaliation and discriminatory action) be halted and/or corrected
- Levying civil penalties payable to the investigating agency’s government where there is proof of intentional discrimination.

## **Appendix B**

### **Area Resources for Home Buyers**

While this list is applicable to the Seattle area market, taking time to prepare a similar list for your area is an invaluable resource for your clients.

#### **Internet resources for Washington state:**

**Neighborhood information:** [www.ffiec.gov/geocode/default.htm](http://www.ffiec.gov/geocode/default.htm)

**Schools:** [www.k12.wa.us](http://www.k12.wa.us)

**School demographics:** [www.k12.wa.us/DataAdmin/default.aspx](http://www.k12.wa.us/DataAdmin/default.aspx)

#### **Internet resources for the greater Seattle area:**

**Neighborhood Information:** "Webtowns" – [seattlepi.nwsourc.com/webtowns](http://seattlepi.nwsourc.com/webtowns)

**Schools:** Public & Private – [schoolguide.seattletimes.nwsourc.com](http://schoolguide.seattletimes.nwsourc.com)  
Seattle public schools – [www.seattleschools.org](http://www.seattleschools.org)

**Police:** Current stats – [www.seattle.gov/police/crime/default.htm](http://www.seattle.gov/police/crime/default.htm)

**Transportation:** [www.metrokc.gov/tran.htm](http://www.metrokc.gov/tran.htm) and [www.soundtransit.org](http://www.soundtransit.org)

**Registered Sex Offenders:** [www.metrokc.gov/sheriff/services/sex\\_offender\\_search](http://www.metrokc.gov/sheriff/services/sex_offender_search)

## **Appendix C**

### **Educational Resources for Home Buyers**

Use this list of resources to help home buyers locate professional, equitable and reliable classes, counseling and down payment assistance services. For the widest perspective of available products, customers should try to attend at least two classes – one sponsored by a non-profit institution (which has no financial stake in customers' final decisions) and one from an industry representative.

#### **For state-wide information:**

##### **Washington State Housing Financing Commission (WSHFC)**

206-464-7138 or 1-800-767-4663 (toll-free in Washington State)

[www.wshfc.org/buyers/index.htm](http://www.wshfc.org/buyers/index.htm)

This site provides extensive statewide information on home buyer education seminars and purchase assistance programs (including second mortgage programs for people with disabilities).

##### **HUD Home Ownership Assistance Washington**

[www.hud.gov/local/index.cfm?state=wa&topic=homeownership](http://www.hud.gov/local/index.cfm?state=wa&topic=homeownership)

Provides list of statewide resources and services for home buyers.

#### **In the greater Seattle area:**

##### **Community Home Ownership Center (CHOC), [www.choc-wa.org](http://www.choc-wa.org)**

206-587-5641 or 1-800-587-5641 (toll free in Washington State)

CHOC provides seminars for first-time home buyers with links to statewide seminars, and also provides training for real estate agents.

##### **El Centro de la Raza, [www.elcentrodelaraza.com](http://www.elcentrodelaraza.com)**

206-329-7960

El Centro provides home buyer education classes in English and Spanish.

##### **HomeSight, [www.homesightwa.org/eduhomepage.htm](http://www.homesightwa.org/eduhomepage.htm)**

206-723-4355 or 1-888-749-4663

HomeSight provides purchase assistance and other financial and educational information to home buyers (in Seattle, South King County and Snohomish County).

##### **International District Housing Alliance, [www.apialliance.org](http://www.apialliance.org)**

206-623-0122

Provides home buyer education and housing counseling in Vietnamese, Cambodian, Tagalog and several Chinese dialects including Cantonese, Mandarin and Taiwanese.

##### **Urban League of Metropolitan Seattle, [www.urbanleague.org/programs.html](http://www.urbanleague.org/programs.html)**

206-461-3792

Provides one-on-one counseling and monthly home buyers seminars.

## Appendix D

### Questions For Home Buyers To Ask Lenders

#### **When shopping around for a loan:**

- What is the best interest rate today? What are the total loan fees?
- Is the loan's interest rate fixed or adjustable?
- What is the total monthly payment, including taxes and insurance?
- What is the term (length) of the loan?
- Is there an application deposit? What is it, and how much is refundable?

#### **When applying for a loan:**

- Does the lender charge overages? (An overage is a fee hike designed to give more profit to the lender.)
- If the borrower locks in an interest rate today, what is the best rate available? What are the fees?
- What is the annual percentage rate (APR)?
- Is there a balloon payment due on the loan?
- Are there any pre-payment penalties? What are they and for how many years are they in effect?
- Does the interest rate increase if the borrower's payments are late?
- What is the total monthly payment, including taxes and insurance?

#### **If the loan is an Adjustable Rate Mortgage (ARM):**

- What is the initial rate? How long will that rate stay in effect?
- How often can the rate change?
- What are the rate and payment caps (limits) each year, as well as over the life of the loan?
- Can an adjustable rate loan be converted (changed) to a fixed rate without doing a new loan?
- Is there a prepayment penalty? If so, how long does it apply?

Lender **always** should provide a Good Faith Estimate of the fees due at closing outlining every expense associated with a home loan (inspections, title insurance, taxes and other charges) **within 3 days** of a customer's loan application.

## Appendix E

### Loan Closing Checklist

#### **Before Signing Day, borrowers should:**

Contact their Escrow Agent and request copies of completed documents at least one day before the appointment to sign the loan.

Visit a local housing counselor, attorney or a trusted family member or friend to review **all** documents. They should make sure they understand all terms of the loan.

Check their Promissory Note:

- Is the interest rate correct?
- What is the term of the loan (30 years, 20 years or 15 years)?
- Is there a Prepayment Penalty? Is there a Balloon Payment?
- If the customers are unsure of the impact of these features, advise them to talk to a lawyer or non-profit housing agency.
- If the loan is an Adjustable Rate Mortgage (ARM), the customers should receive an ARM Disclosure or Rider. They should review this document to make sure they understand how often the rate can increase, how much their payment can increase when the rate goes up, and what the maximum interest rate and the maximum monthly payment are.

Review their HUD-1 Settlement Statement (listing the actual fees due at closing) to verify all fees.

- Each fee on the HUD-1 also appears on the Good Faith Estimate. There should be no surprises at this late stage. If the fees are substantially different, customers should not sign any documents unless they agree with the new terms.

Check brokers' fees if a broker is involved. Is the broker charging anything other than a broker fee (e.g. a processing fee, an underwriting fee, or other kind of fee)?

Check for a yield spread premium (YSP)\*. Customers should ask their escrow agent even if they don't see one. YSPs sometimes are hard to spot on the HUD-1.

(\* Yield Spread Premiums are fees that lenders pay to mortgage brokers when they sell a higher interest rate. Is there a YSP on the customer's HUD-1 settlement statement? If so, s/he may not be receiving the lowest available interest rate.)



### **At the Signing Appointment, borrowers should:**

Check the figures on the Promissory Note and the HUD-1 that they are about to sign. Do they match the documents they received earlier from the Escrow Agent? If any terms are different, the borrowers should not sign unless they agree with these new terms.

### **Before the borrowers leave their Signing Appointment, they should:**

Be sure to receive copies of each of the following signed documents:

- Note
- Deed of Trust
- Estimated HUD-1 Settlement Statement (borrowers should receive their final HUD-1 a day or two after the loan closes)
- Truth in Lending Disclosure
- Servicing Disclosure
- Insurance Disclosure (if the borrowers purchased any insurance products from the lender)

3-Day Right to Cancel (for refinance or equity loans only). Borrowers have 3 days to change their minds **after** they sign their loan documents for a refinance or equity loan. If they decide they do not want the loan within this 3-day “rescission” period, they can simply give a signed copy of the “Notice to Cancel” to the lender and walk away.

Within 1 week of signing their loan documents, borrowers should receive a final HUD-1 Settlement Statement in the mail. **If they do not receive this information, they should contact their escrow agent immediately.** This document is the official accounting of all monies paid into escrow and distributed.

Borrowers also should request copies of the following items from the lender:

- Credit report
- Property appraisal.

## **Appendix F**

### **Predatory Lending**

#### **Help your clients avoid predatory loans**

##### **What is a predatory loan?**

A predatory loan is a dishonest loan. Predatory loans harm borrowers by making it difficult or impossible to keep up with payments. Borrowers may pay unnecessary fees and excessive interest charges. If they miss their payments, they risk losing their homes.

Predatory lenders prey on people who are unfamiliar with the banking system. They target seniors, minorities, or anyone whose credit makes it hard to get a regular bank loan.

##### **What makes a loan predatory?**

Predatory loans take advantage of borrowers with a variety of abusive practices. Predatory lenders:

- Target people of color, elderly and disabled people for high-cost loans
- Charge excessive interest rates and higher fees
- Keep secret the true costs and terms of the loan
- Approve a loan without considering a person's ability to repay
- Convince borrowers to refinance frequently (or "flip") the loan
- Carry terms that make it difficult for the borrower to refinance later.

##### **Danger signs of a predatory loan**

- Total bank fees greater than 2%
- Balloon payment (a lump sum due at the end of the term of the loan)
- Prepayment penalties
- Loan is based on home equity rather than the borrower's income
- Credit life insurance added to the loan.

## Appendix G – FAIR HOUSING AGENCIES IN WASHINGTON STATE

The Federal Fair Housing Act, state and local fair housing laws exempt certain types of housing from coverage. For questions, contact each agency concerning the law that agency enforces.

<b>U.S. Dept. of Housing &amp; Urban Development</b> Fair Housing 909 First Avenue Suite 205 Seattle, WA 98104-1000	<b>Washington State Human Rights Commission</b> 711 S. Capitol Way Suite 402 Olympia, WA 98504-2490	<b>King County Office of Civil Rights</b> Yesler Building 400 Yesler Way Room 260 Seattle, WA 98104-2683	<b>Seattle Office for Civil Rights</b> 810 Third Avenue Suite 750 Seattle, WA 98104-1627	<b>Tacoma Human Rights &amp; Human Services Dept.</b> 747 Market Street Room 836 Tacoma, WA 98402-3779
206-220-5170 800-877-0246 TTY 206-220-5185 Fax 206-220-5447	360-753-6770 800-233-3247 (in WA) TTY 800-300-7525 Fax 360-586-2282	206-296-7592 TTY 206-296-7596 Fax 206-296-4329	206-684-4500 TTY 206-684-4503 Fax 206-684-0332	253-591-5151 TTY 253-591-5153 Fax 253-591-5050
<a href="http://www.hud.gov/local/sea/sea/home.html">www.hud.gov/local/sea/sea/home.html</a>	<a href="http://www.hum.wa.gov">www.hum.wa.gov</a>	<a href="http://www.kingcounty.gov/civilrights">www.kingcounty.gov/civilrights</a>	<a href="http://www.seattle.gov/civilrights">www.seattle.gov/civilrights</a>	<a href="http://www.cityoftacoma.org/humanrights">www.cityoftacoma.org/humanrights</a>
<b><u>Protected Bases</u></b> Race Color National Origin Religion Sex Disability Familial Status	<b><u>Protected Bases</u></b> Race Color National Origin Creed Sex Disability Familial Status Marital Status Sexual Orientation (incl. gender identity) Veteran/Military Status	<b><u>Protected Bases</u></b> Race Color National Origin Religion Gender Disability Familial Status Marital Status Sexual Orientation (incl. gender identity) Age Section 8 Ancestry Use of a Service or Assistive Animal	<b><u>Protected Bases</u></b> Race Color National Origin Religion/Creed Sex Disability Parental Status Marital Status Sexual Orientation Gender Identity Age Section 8 Political Ideology	<b><u>Protected Bases</u></b> Race Color National Origin Religion Sex Disability Familial Status Marital Status Sexual Orientation Gender Identity Age Ancestry
File within 1 year <b><u>Jurisdiction:</u></b> United States	File within 1 year <b><u>Jurisdiction:</u></b> Washington	File within 365 days <b><u>Jurisdiction:</u></b> Unincorporated King County	File within 180 days <b><u>Jurisdiction:</u></b> City of Seattle	File within 1 year <b><u>Jurisdiction:</u></b> City of Tacoma
<b>Fair housing laws prohibit retaliation</b> – an act of harm by anyone against a person who has asserted fair housing rights (makes an informal discrimination complaint, files a civil rights complaint, or is otherwise involved in an investigation).				
<b>NOTE: City of Bellevue</b> investigates fair housing violations based on participation in the Section 8 Program. To file a complaint, contact Code Compliance, 450 110th Ave. NE, P.O. Box 90012, Bellevue, WA 98009, 425-452-4570. E-mail: <a href="mailto:Codecompliance@ci.bellevue.wa.us">Codecompliance@ci.bellevue.wa.us</a> . Web: <a href="http://www.ci.bellevue.wa.us/reportproblem.htm">www.ci.bellevue.wa.us/reportproblem.htm</a> .				
<b><u>These organizations advocate for fair housing, and provide training, education and outreach</u></b>				
<b>Fair Housing Center of Washington</b> 1517 S. Fawcett Avenue, Suite 250 Tacoma, WA 98402		253-274-9523, 888-766-8800 (toll free), Fax 253-274-8220 <a href="http://www.fhcwashington.org">www.fhcwashington.org</a>		
<b>Northwest Fair Housing Alliance</b> 35 West Main Avenue, Suite 250 Spokane, WA 99201		509-325-2665, 800-200-FAIR (in 509 area code), Fax 509-325-2716 <a href="http://www.nwfairhouse.org">www.nwfairhouse.org</a>		